

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 FRB-03 TRSE-00
XMB-02 OPIC-03 AID-05 PA-01 ICA-11 CIAE-00 INR-10
NSAE-00 SS-15 SP-02 /083 W
-----129838 071720Z /43

R 070800Z SEP 78
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC 1810
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMCONSUL LUBUMBASHI
AMEMBASSY PARIS

C O N F I D E N T I A L KINSHASA 9628

E.O. 11652: GDS
TAGS: CG, EFIN, EAID, IMF

SUBJECT: VISIT OF BANK OF ZAIRE GOVERNOR BOFOSSA TO WASHINGTON
AUGUST 13-16 AND RELATED TOPICS

REF: KINSHASA 9526

1. ON SEPTEMBER 5 CHARGE AND ECON COUNSELOR MET WITH BANK OF
ZAIRE GOVERNOR, BOFOSSA W'AMB'EA NKOSO, TO DISCUSS HIS RECENT
VISIT TO THE U.S., SEEK FOREIGN
EXCHANGE BUDGETS FOR AUGUST AND SEPT, AND REMIND GOVERNOR OF
BROOKE AMENDMENT DEADLINES. BOFOSSA EXPRESSED GREAT PLEASURE
AT THE WAY HE WAS RECEIVED IN WASHINGTON, REPEATING MANY OF THE
POINTS MADE IN REFTEL AND PREVIOUS.

2. IN ADDITION, DOFOSSA MENTIONED HE HAD MET WITH CITIBANK
EXECUTIVE CLARD TO DISCUSS LONDON CLUB ARRANGEMENTS FOR
RENEGOTIATING ZAIRE'S DEBTS TO THE PRIVATE BANKS. BOFOSSA CONFIRMED
THAT ZAIRE IS NO LONGER INTERESTED IN THE BANKS' OFFER OF
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220 MILLION DOLLARS (KINSHASA 5525).
INSTEAD, ZAIRE PROPOSED PAYING ALL INTEREST ARREARAGES TO THE
BANKS (ABOUT 18 MILLION DOL) AS A " GOOD FAITH GESTURE" AND THEN
FORMALLY ASKING CITIBANK TO TAKE THE LEAD IN NEW NEGOTIATIONS
BETWEEN ZAIRE AND THE PRIVATE BANKS. ACCORDING TO BOFOSSA,
CITIBANK HAS TENTATIVELY AGREED TO DO THIS AND FURTHERMORE IS
WILLING TO CONSIDER A SEPARATE NEW LOAN TO ZAIRE TO PAY OFF ALL

FOREIGN EXCHANGE ARREARAGES OWED TO ZAIRE'S PRIVATE CREDITORS.

3. BOFOSSA CONFIRMED THAT THE GOZ HAS DECIDED TO CONTINUE THE INGA-SHABA PROJECT BUT HE ADMITTED THAT HE HAD NOT YET SEEN O ANYTHING IN WRITING FROM THE MINISTRY OF ENERGY TO THAT EFFECT.

4. BOFOSSA PROMISED TO SUPPLY THIS EMBASSY, WITHIN THE VERY NEAR FUTURE, THE ACTUAL BANK OF ZAIRE FOREIGN EXCHANGE EXPENDITURES FOR AUGUST AND THE PROJECTIONS FOR SEPTEMBER (WHICH PROJECTIONS, HE SAID, SHOULD, ON AVERAGE, TURN OUT TO BE ABOUT 80 PER CENT ACCURATE).

5. BOFOSSA ASSERTED HE HAD ALREADY ORDERED THE PAYMENT OF THE SEPTEMBER 15 AND OCTOBER 1 PAYMENTS DUE ONE YEAR AGO ON FMS CREDITS NOS. 771 AND 765.

6. BOFOSSA ACKNOWLEDGED ZAIRE IS ONLY SLOWLY MEETING THE CRITERIA SET DOWN IN BRUSSELS LAST JUNE AS CONDITIONS PRECEDENT FOR CONTINUED WESTERN AID BUT HE PLEADED FOR (A) SOME UNBERSTANDING OF HOW HARD CERTAIN REFORMS ARE TO SWALLOW, (B) FULL RECOGNITION OF WHAT ZAIRE HAS DONE SO FAR AND (C) A MEASURE OF FAITH BY THE WEST IN ZAIRE'S GOOD INTENTIONS. HE CALEED FOR A CONTINUED AND CONTINUOUS MEASURED RESPONSE FROM THE U.S. AFTER EACH SMALL ZAIRIAN STEP FORWARD.

7. BOFOSSA WILL BE IN WASHINGTON AT IMF ANNUAL MEETING FOR ABOUT CONFIDENTIAL

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ONE WEEK BEGINNING SEPTEMBER 22.
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